

**Responses to Inquiries
RFP 07-19
Active Russell Mid-Cap Value**

1. Is PERF looking at candidates who may also use the Russell 2500 Index?
 - Indiana PERF uses the Russell 3000 as the total domestic equity benchmark. As such, we are looking for managers that specifically use the Russell MCV. This most appropriately aligns the plan with the Russell 3000 by minimizing “misfit” risk to the benchmark. By introducing a Russell 2500 mandate at this time, we would introduce an undesired misfit to the domestic equity benchmark.
2. What is the capitalization range that PERF is focusing on for this search?
 - As you are aware, the capitalization ranges for the Russell MCV as of September 30, 2007, were 2.30 – 18.41.
3. Are there any specifications with regard to requiring managers to be GIPS standards?
 - Additionally, Indiana PERF’s Investment Policy Statement only requires AIMR compliance (see performance measurement section on page 30):

“Performance Measurement
A time-weighted return formula (which minimizes the effect of contributions and withdrawals) should be utilized. The services of an outside, independent consulting firm providing performance measurement and evaluation may be retained. Investment Managers will be expected to comply with the Association for Investment Management and Research’s (AIMR) Performance Presentation Standards in calculating and reporting their investment performance. The Fund, and any firms retained by the Fund to calculate investment performance, will also adhere to the AIMR Standards.”
4. Are commission recapture brokers utilized by Indiana PERF included on the MBE/WBE contractor list? Is there a list of local brokers who can provide research to us? Is it mandatory to use one of the contractors on this list? Is there any information on how current or past investment managers have fulfilled this obligation?
 - Indiana PERF does not have a commission recapture program in place at this time. You would be permitted to list any brokers that are MBE/WBE firms as part of your response.
5. Is it mandatory to use a MBE/WBE contractor?
 - No, it is not mandatory.
6. As an asset manager, who fits neither category as defined in the IC code, is utilizing a minority or women owned subcontractor a requirement for a proposal to be considered by your organization?
 - No, utilizing a minority or women owned subcontractor is not a requirement.
7. Our firm-wide assets under management (AUM) are just over \$4 billion. We currently have just over \$200m in our Mid Cap Value strategy. Would this be a factor in your decision?
 - Firm AUM and strategy AUM are a factor in the determination of the finalists. Indiana PERF does not disqualify firms solely based on AUM. However, the

selection committee will consider the firm from a holistic risk perspective rather than focusing solely on AUM as they consider the proposal.

8. Our firm-wide assets under management (AUM) are just over \$4 billion. We currently have just over \$200m in our Mid Cap Value strategy. Is it realistic that you would consider allocating that much money to a product of our size?
 - Yes.
9. Are you contemplating splitting this allotment between 2 or more managers?
 - No.
10. Is RFP 07-19 available in a Word document?
 - Yes, upon request.
11. In Exhibit D of RFP Number: 07-19, qualification number 4 states "Offer customized strategies to institutional clients," what is meant by this?
 - An example would be the capacity and willingness to provide a portfolio without investments in Sudan.
12. Section 1.11 (Secretary of State Registration) of the RFP states that "before an out-of-state respondent can do business with Indiana PERF, the respondent must be registered with the Indiana Secretary of State." Our firm is not registered to do business in the State of Indiana, or otherwise registered with the Indiana Secretary of State.
 - Please register with the Secretary of State. It can be done online.
13. Are there any circumstances under which this requirement, to be registered with the Indiana Secretary of State, could be waived such as if our firm is registered as an investment adviser with the Securities and Exchange Commission?
 - No.
14. The RFP requires that we obtain Fiduciary Liability Insurance which the firm currently does not have. Our firm maintains the following insurance coverage: Directors & Officers / Errors & Omissions Insurance, Fidelity Bond Insurance, and ERISA Bond Insurance. Will this be acceptable to Indiana PERF?
 - "Fiduciary Liability Insurance. Each Investment Manager will obtain fiduciary coverage, with a minimum of \$5 Million coverage or \$25 Million in pooled coverage, or in such higher amount as required by the Board from time to time. The fiduciary coverage must cover a loss resulting from a breach of fiduciary duty in providing or failing to provide professional services to the Fund. In some cases, fiduciary coverage may be established through errors and omissions (E&O) or professional liability policies (including, for some Investment Managers, a "blanket bond" if the bond also provides coverage for fiduciary liability), as long as those policies are specifically written to cover fiduciary breaches themselves or include a specific fiduciary liability endorsement or rider.

Each Investment Manager shall annually provide written evidence of such coverage. The Executive Director may approve alternative fiduciary liability insurance arrangements, if in the judgment of the Executive Director, Chief Investment Officer, and Fund legal counsel, the alternative insurance arrangements provide substantially the same protection to the Fund."

Note that we are not an ERISA plan and that coverage may not apply to us.

15. Section 4.3.9 of the Business Proposal requires that we provide Indiana PERF with an income statement and a balance sheet for each of the two most recently completed fiscal years. As a privately held firm, we do not publicly disclose our financial statements. In lieu of providing financial statements, will Indiana PERF accept a letter from the firm's auditor advising that it has issued an unqualified opinion of our financial statements?
 - No, but your information will be kept confidential, see section 1.7 Confidential Information.
16. This RFP states that there is a Sudan compliance screen requirement. Our firm does not manage a Sudan Free mandate, but is willing to manage the account with restrictions on investment in certain securities or types of securities, provided that Indiana PERF makes available to us its Sudan compliance screening criteria.
 - PERF will provide a Sudan compliance listing.
17. Does the CFO statement required in 4.3.3 require a separate signature from the CFO on the Letter of Transmittal?
 - No, as long as the CEO or CFO has made the referenced statement somewhere in the RFP.
18. We are a privately held company. Will our financial statements be kept confidential?
 - Yes, see section 1.7.
19. Do we as a firm have to be registered with the Indiana Secretary of State to bid on the project or can this be done if we are chosen as finalists?
 - Please register with the Secretary of State of Indiana. This can be done online.
20. Must we be associated at all with the MWBE?
 - No, you do not need to be associated with a MWBE.
21. Client References: In order to protect the privacy of our clients, would it be acceptable to provide references should we be invited to a finals presentation or are they required during the RFP process?
 - Please provide references with the RFP.
22. Investment Manager Agreement and Statement of Investment Policy: Our legal counsel has received both the Sample Investment Manager Agreement and the Indiana PERF Statement of Investment Policy. We have proposed amendments that we would like to discuss for the investment policy statement as well. May we attach this to our completed RFP response, or must we comply with all aspects of the policy statement? Is compliance with the applicable sections of the Investment Policy Statement open for discussion?
 - You may include those items, but deviation from the Investment Policy Statement may be cause for not being able to successfully execute a contract.
23. Scope of Work Requirements - Indiana Economic Impact Statement: Would it be possible for us to discuss providing the data for Items 12 through 15 (regarding IRS Form W-2) should we be invited to finals or is the completed form required during the RFP process?
 - This form would need to be completed only if your engagement will have an impact in the State of Indiana.

24. Should we be invited to your facilities for a finals presentation, would our employees that would be attending be subject to the background check requirement stated in the RFP?

- No.

25. Would you be able to supply a list of vendors for PERF, as referred to in Exhibit A, Scope of Work?

- If you do not have any knowledge of an existing relationship as defined in the statement below, that will satisfy the requirements of that language.

The Respondent will represent and warrant to PERF in its proposal that the Respondent:

-To the best of the Respondent's knowledge, does not have a significant financial interest in a vendor with whom PERF is under contract.

26. With regard to the above-referenced RFP, would you please clarify the Fidelity Bond requirement described on page 12 of the Investment Policy Statement for the Indiana PERF? (Last restated February 9, 2007). Does the \$3 million required minimum coverage refer to each Investment Manager's corporate fidelity bond, or to an Investment Manager's fidelity bond program that covers individual plans for which the Investment Manager has investment responsibility, or to a fidelity bond that specifically covers the Indiana PERF?

- It refers to each Investment Manager's corporate fidelity bond.